



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Adopt resolution authorizing the City Manager to execute a professional services contract with the Lodi Salvation Army to administer the “SHARE Customer Verification and Certification Program” (a pilot project), and allocate \$14,500 in Public Benefit Program funds to complete this project (EUD)

MEETING DATE: May 16, 2007

PREPARED BY: Electric Utility Director

RECOMMENDED ACTION: Adopt a resolution authorizing the City Manager to execute a contract with the Lodi Salvation Army to administer the “SHARE Customer Verification & Certification Program”, and allocate \$14,500 in Public Benefit Program funds to complete this pilot project.

BACKGROUND INFORMATION: There are currently (as of April 1, 2007), 2,024 residential customers participating in the Lodi SHARE Electric Rate Discount* program. For eligible customers, this rate relief program provides a 30% monthly discount off the published, standard EA (Residential Service) electric rate.

In order to ensure that all current participants of the program are presently eligible to receive this rate relief, the Electric Utility Department (EUD) is proposing a pilot project: the “SHARE Customer Verification and Certification Program.” To successfully achieve the goal of this program, the EUD is proposing to enlist the professional services of the Salvation Army** (S.A.). The S.A. will randomly select 675 current SHARE customers, and then verify and confirm that all 675 customers (households) are still eligible to receive the aforementioned rate relief. If the customer meets the existing eligibility requirements, the S.A. will notify the EUD. Likewise, if a customer fails to meet said requirements, the S.A. will notify the EUD and that customer’s rate relief will be discontinued.

The S.A., as stipulated in the attached contract, will charge the EUD \$20 per customer verification/certification (675 customer screenings ‘x’ \$20.00 = \$13,500). NOTE: the total requested allocation for this program is \$14,500; of this amount, \$1,000 is earmarked for customer outreach/notification, brochure and verification/certification applications and other materials as needed).

During the first six months of the 2006-2007 fiscal year, \$230,000 in rate relief was provided to customers on the SHARE Electric Rate Discount. This rate relief is funded via Lodi’s Public Benefits Program, and is considered a qualifying expenditure of Public Benefits funds. By way of this proposed certification and verification program, the EUD is simply ensuring that those customers most in need of rate relief are truly receiving the assistance currently available through this program.

APPROVED: _____
Blair King, City Manager

Adopt resolution authorizing the City Manager to execute a professional services contract with the Lodi Salvation Army to administer the "SHARE" Customer Verification and Certification Program" (a pilot project), and allocate \$14,500 in Public Benefit Program funds to complete this project (EUD)

May 16, 2007

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After the 'pilot project' is completed (the first 675 customers have been screened by the S.A.), EUD will review and assess the results and may recommend proceeding – with Council approval – to the next phase of the project which will be the verification/certification of the remaining customers in the program. Ultimately, the EUD will require re-verification and re-certification every two years in order for a customer to retain the rate relief. However, step one is to verify and confirm that existing customers do still qualify.

The EUD respectfully recommends approval of this professional services contract with the Salvation Army, as well as the \$14,500 allocation of Public Benefit Program funds.

*In order to qualify for the SHARE Rate Discount, the customer is required to certify income eligibility. The income levels for 1 to 4 persons in a household range from \$22,000 to \$31,100, and customers must show all proof of income for all members (when applicable) of the household. *In addition*, the customer must sign a statement upon application indicating that the COL may verify the customer's eligibility at any time. If it is determined during the verification process that a customer is not eligible to receive the discount, the customer will be removed from the program and the COL may render corrective billing.

**The S.A. was selected to serve as the screening agent for this program for two reasons: 1) their experience and expertise in providing services of a similar nature for other entities (PG & E, San Joaquin County); and 2) the S.A. has served successfully as the administrator of the "Lodi C.A.R.E. Package Program" since 2005 – this is a utility grant payment program funded through Lodi's Public Benefits Program.

FISCAL IMPACT: Requires an expenditure of \$14,500 in Public Benefit funds.

FUNDING: 164606 – Public Benefits (Category: Low-Income Customer Assistance)

Kirk Evans, Budget Manager

George F. Morrow
Electric Utility Director

Prepared By: Rob Lechner, Manager, Customer Service & Programs

GFM/rsi/lst

Attachments

cc:

SHARE Customer Verification/Certification

EXHIBIT “A”

Eligibility Requirements:

- Must meet income guidelines –
 - 1-2 persons in household: \$22,000 max. annual household income
 - 3 persons in household: \$25,900 max. annual household income
 - 4 persons in household: \$31,100 max. annual household income
 - Each additional member: \$5,200
- Customer must present (in person) appropriate documentation of the following in order to qualify for the SHARE program -
 - current City of Lodi utility statement (if currently a City of Lodi utility customer);
 - ID/Social Security Cards for ALL members of the household, and driver's license or California ID card of the person listed on the utility account OR account to be established;
 - proof of current fixed income (interest income, AFDC/TANF, food stamps, SSI/SSP, SSA, pensions/annuities/401K/IRA,), AND non-fixed income (wages/commissions, stocks/bonds income, business income, all other income); and,
 - copy of property rental agreement (if appropriate).

CONTRACT

BETWEEN

CITY OF LODI AND LODI SALVATION ARMY

This contract between the City of Lodi, a municipal corporation, (hereinafter "Lodi") and the Salvation Army, a California Corporation (hereinafter "S.A."), sets forth the terms and conditions under which S.A. will provide the services described herein. Lodi and S.A. agree as follows:

SCOPE OF SERVICES

The S.A. agrees to administer the *SHARE Customer Verification/Certification Program* for Lodi, in strict conformity with the terms and conditions of this contract. The S.A. will provide the following services to Lodi under this agreement:

- Maintain and monitor a budget of \$13,500 (675 total customer verifications/certifications), which concludes when this total dollar amount is exhausted;
- Provide all customer interface, which includes screening for customer eligibility (pursuant to the eligibility requirements set forth in Exhibit "A") and approval of customer participation in this electric utility rate discount;
- Notify the City of Lodi Electric Utility and Finance departments, through an existing and agreed upon procedure of both telephone/fax communications of any/all customers approved for participation in this program. The S.A. will also notify Lodi of any/all customers who are removed from the program for failing to meet the eligibility requirements as set forth in Exhibit "A;"
- The S.A., in concurrence with the COL, will randomly select and screen 675 customers currently receiving the SHARE electric rate discount.

TERMS OF AGREEMENT

The term of this agreement shall be from May 17, 2007 until the entire \$13,500 in allocated funds for the program has been expended. It is anticipated that this pilot project will be completed by September 1, 2007.

ADVERTISING, MARKETING AND PUBLIC RELATIONS

All advertising, marketing and/or public relations will be the sole responsibility of Lodi, which includes all costs associated with any outreach or promotional material and/or ad campaigns, as well as costs associated with the development and production of program brochures and program participant applications. The S.A. agrees to provide consulting services to Lodi on potential market groups or targeted audiences.

***SHARE CUSTOMER VERIFICATION/CERTIFICATION
CONTRACT (continued)***

INSURANCE

For actions performed under this agreement, the S.A. agrees to maintain all necessary insurance requirements set forth by Lodi (as identified in the instructions/requirements for insurance coverage page, attached hereto and incorporated herein).

CONTRACT PRICE AND TERMS

The S.A. will invoice for all administrative work performed at a rate of \$20 per customer verification/certification, with a cap of \$13,500 (the funding allows for a total of 675 customer verifications/certifications in this pilot project). Invoices will be submitted to Lodi the first of each month, payable within thirty (30) days of the invoice date.

COMPLIANCE WITH LICENSES

(Note: No additional licenses are required to comply with this program.)

INDEMNITY CLAUSE

The S.A. shall indemnify, defend and hold harmless the City of Lodi, the City of Lodi Electric Utility, the City of Lodi Finance Department, its City Council, Directors, Officers, Agents, and employees against all claims, loss, damage, expense, and liability arising out of, or in any way connected with the performance of this contract and excepting only such loss, damage or liability as may be caused by the intentional acts or sole negligence of the City of Lodi, the City of Lodi Electric Utility, and the City of Lodi Finance Department.

***SHARE CUSTOMER VERIFICATION/CERTIFICATION CONTRACT
ACCEPTANCE***

THE ABOVE TERMS AND CONDITIONS ARE AGREED UPON, AND ACCEPTED
ON THIS _____ DAY OF MAY, 2007.

The Salvation Army

Blair King, City Manager

Approved as to Form:

D. Stephen Schwabauer
City Attorney

ATTEST:

Randi Johl
City Clerk

RESOLUTION NO. 2007-_____

A RESOLUTION OF THE LODI CITY COUNCIL AUTHORIZING
THE CITY MANAGER TO EXECUTE A PROFESSIONAL SERVICES
CONTRACT WITH THE LODI SALVATION ARMY TO ADMINISTER
THE SHARE CUSTOMER VERIFICATION AND CERTIFICATION
PROGRAM AND TO ALLOCATE PUBLIC BENEFIT PROGRAM FUNDS
TO COMPLETE THE PROJECT

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WHEREAS, as of April 1, 2007, there are 2,024 residential customers participating in the Lodi SHARE Electric Rate Discount program. For eligible customers, this rate relief program provides a 30% monthly discount off the published, standard residential service electric rate; and

WHEREAS, in order to ensure that all current participants of the program are presently eligible to receive this rate relief, the Electric Utility Department (EUD) is proposing the pilot project, "SHARE Customer Verification and Certification Program." EUD is proposing to enlist the professional services of the Salvation Army, which will randomly select 675 current SHARE customers and verify/confirm that all 675 customers (households) are still eligible to receive the aforementioned rate relief. The Salvation Army will notify EUD whether these customers meet or fail to meet the existing eligibility requirements, which may result in the discontinuation of the rate relief for some; and

WHEREAS, the Salvation Army will charge EUD \$20 per customer verification/certification (i.e. 675 customer screenings x \$20.00 = \$13,500). The total requested allocation for this program is \$14,500, and, of this amount, \$1,000 is earmarked for customer outreach/notification, brochure and verification/certification applications, and other materials as needed; and

WHEREAS, after the pilot project is completed, EUD will review and assess the results and may recommend to City Council proceeding with the verification/certification of the remaining customers in the program, after which EUD will require re-verification and re-certification every two years in order for a customer to retain the rate relief.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby authorize the City Manager to execute a professional services contract with the Lodi Salvation Army to administer the SHARE Customer Verification and Certification Program; and

BE IT FURTHER RESOLVED that the City Manager is authorized to allocate Public Benefit Program funds in the amount of \$14,500 to complete the project.

Dated: May 16, 2007

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I hereby certify that Resolution No. 2007-_____ was passed and adopted by the Lodi City Council in a regular meeting held May 16, 2007, by the following vote:

AYES: COUNCIL MEMBERS –
NOES: COUNCIL MEMBERS –
ABSENT: COUNCIL MEMBERS –
ABSTAIN: COUNCIL MEMBERS –

RANDI JOHL
City Clerk